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Business costs 34pc higher than region

PBF warns of competitiveness crisis, calls for tax, energy reforms

By Khaleeq Kiani

ISLAMABAD: The cost of doing business in Pakistan is about 34 per cent higher than in regional economies, creating a serious competitiveness crisis for local industry, a business group said on Thursday.

In a statement, the Pakistan Business Forum (PBF) said higher operating costs had "severely undermined" the ability of local industries to compete in international markets.

It said that due to irrational taxation, excessive energy costs and currency instability, Pakistan's exporters were unable to match regional competitors, resulting in stagnant exports since 2022 despite global trade recovery in several sectors.

PBF Chairman Ahmad Jawad said that in the given scenario, Pakistani businesses were struggling to survive, let alone expand exports, as their cost structures remain misaligned with regional economies such as Bangladesh, India and Vietnam.

Mr Jawad emphasised that to address this alarming situation, Pakistan must immediately rationalise its taxation system, reduce the cost of electricity and gas for industry and adopt a clear policy aimed at strengthening and stabilising the rupee.

He said the rupee should be stabilised at Rs240 per dollar, saying that a stronger and more predictable exchange rate would help curb inflation, lower imported raw material costs, and bring stability to export orders. He recalled that continuous devaluation had failed to boost exports and had instead fuelled inflation, increased production costs and eroded business confidence.

The PBF noted with disappointment that over the last six years, the rupee had devalued by nearly Rs160 against the dollar, a situation that reflected poor economic management rather than market fundamentals.

"For the time being, the rupee is holding its position, but when we look at the country's foreign exchange reserves, the current dollar price against the rupee is still excessively high and not truly market-driven," Mr Jawad said, adding that artificial devaluation had only benefited speculative elements while damaging productive sectors of the economy.

Highlighting the crisis in the cotton sector, PBF Chairman for South and Central Punjab Malik Talat Suhail expressed grave concern over the closure of more than 400 cotton ginning factories, which had disrupted the entire cotton value chain and negatively impacted farmers, ginners and the textile industry.

Mr Sohail said cotton ginners were not being provided with a level playing field due to the unjustified imposition of 18pc GST on local cottonseed and oil cake, which had increased costs and reduced demand for local cotton, ultimately causing financial losses to farmers.

He said cotton was one of the most important components of Pakistan's import bill, and removing the 18pc GST on cotton seed and oil cake would significantly encourage cotton cultivation in Punjab and Sindh, reduce dependency on imports and help revive the domestic cotton economy.

He urged the government to take immediate action and issue an SRO for the withdrawal of GST on cottonseed and oil cake by February, as early cotton harvesting begins by the end of next month.

He stressed that without timely policy intervention, Pakistan risks further decline in cotton production, continued closure of ginning factories and increased pressure on foreign exchange reserves.

The PBF warned that failure to implement urgent structural reforms will lead to long-term deindustrialisation, loss of export markets, rising unemployment and deeper economic instability.

It also called upon the federal government to engage with stakeholders and adopt pro-business, pro-export, and pro-farmer policies to restore competitiveness, revive exports and place Pakistan's economy back on a sustainable growth path.

Sustainable growth key to economic transformation, says minister

By Amin Ahmed

ISLAMABAD: Pakistan's journey towards a trillion-dollar economy is only possible through alignment of policy, capital industry, and institutions, said Minister for Board of Investment Qaiser Ahmed Sheikh, pointing out that fragmented progress cannot deliver sustainable growth.

Speaking at the Pakistan Leadership Conversation on Thursday, the minister emphasised collective acceleration, export-led growth, and investor-friendly reforms as key drivers for economic transformation.

Drawing lessons from China's development journey, Mr Sheikh highlighted how China's focus on value-added products and export-led growth transformed it into one of the world's leading exporters.

He stressed that Pakistan can replicate this success by upgrading its production base, improving quality standards, and moving up the global value chain.

He underlined that future-fit and skilled human capital is critical for sustainable development, adding that productivity enhancement — not just headline GDP growth — must remain Pakistan's economic north star. He emphasised technology adoption, managerial capacity, and SME formalisation to strengthen competitiveness.

Highlighting digital transformation, Qaiser Ahmed Sheikh said that digital technologies, artificial intelligence, and fintech can enable Pakistan to leapfrog economically, provided adoption moves from pilot projects to large-scale platforms.

Referring to improving market sentiment, the investment minister noted that rising investor confidence reflected in the stock market performance indicates growing trust in Pakistan's economic direction.

Reaffirming the prime minister's vision, he stated that the government is implementing investor-friendly reforms to improve ease of doing business and ensure regulatory predictability.

The minister informed investors that special economic zones offer a ten-year income tax exemption, while around 6,000 acres of land are available near Port Qasim for investment purposes. He further highlighted that the Business Facilitation Centre is providing one-window solutions to domestic and foreign investors.

He concluded by reiterating that the Board of Investment remains committed to providing all possible facilitation to foreign investors and positioning Pakistan as a competitive, reliable, and future-ready investment destination.

Australian help sought to boost agri yields

By Our Reporter

ISLAMABAD: Pakistan is seeking Australian expertise to establish foot-and-mouth disease (FMD)-free zones and improve animal weight and yield to ensure profitability for farmers.

Food Security Minister Rana Tanveer Hussain met Australian High Commissioner Timothy Kane on Thursday and expressed the government's desire to benefit from Australia's expertise to enhance productivity, particularly amid growing global food security challenges.

Both sides held detailed discussions on improving agricultural and livestock yields, market access issues, biosecurity concerns, and expanding technical collaboration.

Mr Tanveer emphasised the central role of agriculture in Pakistan's economy, stating that around 65 per cent of the population is directly or indirectly linked to agriculture, while 36pc of employment depends on this sector. Nearly 60pc of Pakistan's agricultural economy is based on livestock, yet productivity remains low, he added.

He informed Mr Kane that the government has allocated Rs7.35 billion for two years to control FMD and initiated the establishment of free compartments, and is importing vaccines from Russia and China. The minister also pointed out that Pakistan's average crop yield is around 30 maunds per acre, compared to 45 maunds per acre in India.

The high commissioner said Australia is digitising phytosanitary and related regulatory processes and will welcome Pakistani officials for technical exchanges and training.

They agreed to deepen cooperation in agriculture and livestock through technical collaboration, improved market access, regular engagement, and capacity building, with the shared objective of mutual benefit and enhanced regional food security.

Referring to horticulture, the minister stated that Pakistan aims to increase mango exports to Australia. While Australia has shown willingness to import more mangoes from Pakistan, certain technical and regulatory requirements remain challenging. Pakistan, he said, is ready to resolve all pending issues promptly.

Mr Tanveer further underlined that his ministry has shifted from reactive correspondence to proactive international engagement.

Haroon Akhtar, Special Assistant to the Prime Minister, was also present at the meeting and highlighted Australia's success in achieving high agricultural yields with low water use, saying Pakistan could learn from this experience. He noted that reforms, including deregulation in the sugar sector, are underway.

Emphasising Pakistan's large livestock population, he stressed the need for new breeds, certified slaughterhouses, and value addition to make Pakistani products competitive in international markets. He proposed that a Pakistani delegation should visit Australia to observe modern livestock and meat export facilities, given Australia's position as one of the world's leading meat exporters.

The livestock commissioner informed the meeting that several Australian-supported projects are already underway in Pakistan, particularly in dairy development, breed improvement, rangeland management, and capacity building. He stated that closer collaboration with Australia could significantly improve livestock productivity and export potential.

KARACHI: The State Bank of Pakistan's foreign exchange reserves increased by $16 million to $16.087 billion during the week ending on Jan 16. The country's overall foreign exchange reserves stood at $21.258bn, including $5.170bn held by the commercial banks. In the interbank market, the rupee on Thursday gained three paise to settle at 279.87 against the US dollar.—AFP/file

Nestle plans $60m business expansion

ISLAMABAD: Nestle, the multinational food and beverage company, on Thursday announced an additional $60 million investment in Pakistan during a roundtable discussion on the sidelines of the World Economic Forum (WEF) in Davos.

Finance Minister Muhammad Aurangzeb chaired the business roundtable, bringing together CEOs and senior leaders of leading global corporations to discuss Pakistan's reform trajectory, investment climate, and long-term growth potential.

The announcement of additional investment was made by Nestle's Executive Vice-President and Chief Executive Officer for Asia, Oceania and Africa, Remy Ejel, said a press release issued by the finance ministry.

He said that Nestle would undertake a robust expansion of its operations, reaffirming its long-term commitment to Pakistan.

The roundtable was part of the government's ongoing engagement with multinational investors to promote policy predictability, economic formalisation, and sustainable, export-oriented growth, the press release added.

Mr Ejel further announced that Nestle intends to use Pakistan as a regional manufacturing hub to export products to 26 countries. Expressing strong confidence in the economic outlook, he foresaw robust business growth in the coming years.

The announcement builds on Nestle's recent engagement with the finance minister in Islamabad, where the company had outlined its strategy centred on localisation, advanced manufacturing, sustainability, and agricultural transformation.

Nestle has made significant progress in technology-driven manufacturing, with highly automated facilities, expanded use of renewable energy, improved packaging solutions, and digitalised supply chains, strengthening efficiency while reducing environmental impact.

Mr Ejel highlighted Nestle's global scale as one of the world's leading food, beverage, nutrition, and health companies, with operations in over 180 countries, a workforce exceeding 277,000 employees, and global revenues of approximately $114.25 billion in 2025.

He noted that Pakistan's demographic profile, growing nutrition needs, and underpenetrated value-added food segments closely mirror successful growth trajectories seen in Southeast Asia.

Welcoming Nestle's investment announcement, Senator Muhammad Aurangzeb described it as a strong vote of confidence in Pakistan's economic reforms and formalisation drive.

He reaffirmed the government's commitment to strengthening the tax ecosystem, ensuring policy consistency, and facilitating responsible long-term investment through continued engagement with the private sector, including via the Tax Policy Office established within the Finance Division.—APP

Oil prices slide 2pc on easing tensions

NEW YORK: Oil prices slid about 2 per cent to a one-week low on Thursday after US President Donald Trump softened threats toward Greenland and Iran, and on some positive movement that could lead to a solution to end Russia's war in Ukraine.

Brent futures fell $1.44, or 2.2pc, to $63.80 a barrel at 12:47pm EDT (1747 GMT), while US West Texas Intermediate (WTI) crude fell $1.45, or 2.4pc, to $59.17 a barrel.

That put Brent on track for its lowest close since January 15 and WTI on track for its lowest close since Jan 9.

Trump said he has secured total and permanent US access to Greenland in a deal with NATO, whose head said allies would have to step up their commitment to Arctic security to ward off threats from Russia and China.

European Union leaders, meanwhile, will rethink ties with the US at an emergency summit on Thursday after Trump's threat of tariffs and even military action to acquire Greenland badly shook confidence in the transatlantic relationship, diplomats said.

"There is a deflation of risk premium related to the Greenland debacle and Iran supply risk has also been reduced," said Ole Hansen, chief commodity analyst at Saxo Bank.

Trump also said he hoped there would be no further US military action in Iran, but added the US would act if Iran resumes its nuclear programme.

Iran, operating under sanctions, is the third-biggest crude producer in the Organisation of the Petroleum Exporting Countries behind Saudi Arabia and Iraq. —Reuters

ADB backs Karachi-Rohri rail corridor

By Our Staff Reporter

KARACHI: The Asian Development Bank (ADB) has reaffirmed its intent to align as a development partner with the government and identified Karachi-Rohri rail corridor as the priority project.

A 10-member high-level Reconnaissance Mission of subject matter experts from the ADB, led by Mr Suenghyun Kim, Senior Transport Specialist, visited the Karachi Port Trust (KPT) to review existing and future port–rail connectivity and assess related logistics infrastructure.

Following earlier engagements with the government, the reconnaissance mission represents ADB's initial step toward revitalising rail connectivity to Pakistan's ports, a KPT press release said.

The delegation was briefed on KPT's cargo-handling capabilities, its role as Pakistan's maritime gateway, and the port's strategic connectivity requirements for efficient inland cargo movement. Discussions also covered KPT's ongoing and planned development initiatives aimed at enhancing operational efficiency, including dredging, increasing draught depth, and strengthening multimodal integration with terminal operators.

KPT Chairman retired Rear Admiral Shahid Ahmed highlighted that, at present, cargo from Karachi Port is transported by road trailers, leading to severe urban congestion and increased road safety risks due to heavy traffic.

He said KPT's cargo-handling operations run round the clock, but the movement of trailers out of the port is restricted until after 11pm, creating a critical bottleneck in cargo transshipment.

Select-Hisense partnership

By Our Staff Reporter

KARACHI: Select Technologies Ltd, a wholly owned subsidiary of Air Link Communication Ltd (ALCL), has entered into a strategic partnership with China's Hisense to manufacture and distribute home appliances in Pakistan, including smart TVs and air conditioners.

In a stock filing on Thursday, ALCL said that Hisense, a leading global consumer electronics brand with a group revenue of $30.24 billion, has also expressed its intention to make a direct investment in the venture in the near future, reflecting its long-term commitment to the Pakistani market.

This alliance is expected to strengthen local manufacturing, enhance product availability, and offer high-quality home appliances tailored to local consumer needs.

US DOLLAR	BUYING Rs280.37	SELLING Rs281.01
EURO	BUYING Rs327.63	SELLING Rs330.66
GBP	BUYING Rs376.47	SELLING Rs379.98
UAE DIRHAM	BUYING Rs76.53	SELLING Rs77.30
KSA RIYAL	BUYING Rs74.83	SELLING Rs75.46
GOLD	TOLA Rs505,562	10 GMS Rs433,437

PSX recovers 654 points on value-hunting

By Muhammad Kashif

KARACHI: The Pakistan Stock Exchange (PSX) showed a partial recovery on Thursday, following significant overnight losses, as investors sought bargains at attractive valuations after a sharp sell-off driven by profit-taking at elevated levels.

Hopes for a possible reduction in the State Bank of Pakistan's policy rate have strengthened, particularly after the government slashed cut-off yields on most tenors of treasury bills to single digits for the first time in four years.

This has sparked expectations that more funds will flow into the equity market, seen as the only high-return avenue alongside gold, which recently breached the Rs500,000 per tola mark as international prices soared to unprecedented levels.

Ali Najib, Deputy Head of Trading at Arif Habib Ltd (AHL), described the session as a 'consolidation day' with the KSE-100 index closing at 187,688.16, up 654.89 points or 0.35 per cent.

The market opened on a positive note, with the benchmark reaching an intraday high of 188,107, up 1,074 points, but profit-takers seized the opportunity at elevated levels, pulling the index back into negative territory by the close.

Key contributors to the rally included Engro Holdings, Hub Power, Engro Fertiliser, Attock Refinery and Adamjee Insurance, which collectively added 607 points to the benchmark. However, these gains were partly offset by losses in United Bank, Habib Bank, Bank of Punjab, Fauji Fertiliser, and Mari Energies, which together wiped out 217 points.

According to Topline Securities Ltd, the trading session was volatile amid bouts of buying and selling. Investor sentiment improved following a decline in T-bill yields.

Despite the overall positive sentiment, market participation weakened sharply, with trading volume falling 19.33pc to 1.06 billion shares, while traded value dropped 29.35pc to Rs49.15 billion. K-Electric led the volume chart with 195 million shares traded.

Analysts expect another round of consolidation around the 187,000-point level, which cannot be ruled out.

PAKISTAN STOCK EXCHANGE

THE TOP FIVERS

GAINERS		LOSERS		LEADERS*	
Rafhan Maize	88.63	Unilever Foods	234.25	K-Electric	195.89
Hoechst Pakistan	83.02	Supernet Techno	23.91	Hascol Petroleum	131.51
Nestle Pakistan	63.79	Pakistan Engg	19.71	Bank Makramah	57.61
Attock Refinery	57.77	Pakistan Tobacco	15.42	Cnergyico PK	33.09
Atlas Honda	40.91	Pakistan Services	15.10	Worldcall Telecom	26.30

(Share values in rupees)

* Volume in millions of traded shares

INDICATORS	Thursday	Previous		Change
KSE 100-SHARE INDEX (Points)	187,688.16	187,033.27	▲	654.89
KSE 30-SHARE INDEX (Points)	57,478.24	57,253.65	▲	224.59
MARKET CAPITAL (Rs billion)	21,185.008	21,133.658	▲	51.350
TRADING VALUE (Rs billion)	49.155	69.582	▼	20.427

ACTIVITY

Total listed	532
Active	486
Gainers	238
Losers	201

PARTICIPANTS

Foreign	▼$6.74m
Companies	▼$1.84m
Banks	▲$4.53m
Mutual Funds	▲$0.73m
Individuals	▲$4.63m